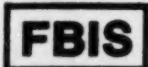


JPRS 79136

5 October 1981

# West Europe Report

No. 1825



FOREIGN BROADCAST INFORMATION SERVICE

#### NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

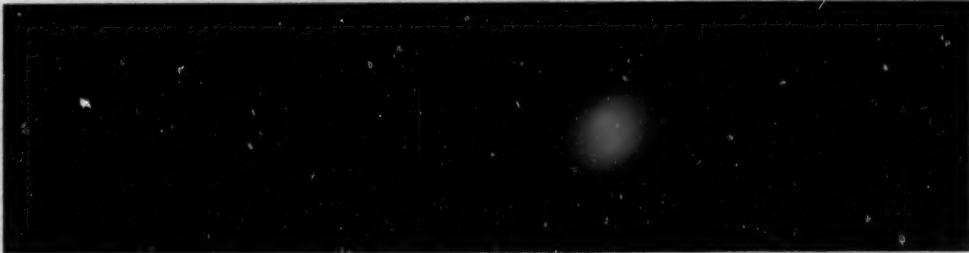
Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

#### PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.



5 October 1981

## WEST EUROPE REPORT

No. 1825

## CONTENTS

## THEATER FORCES

## FRANCE

Nuclear Submarine's Capabilities, Armament Described  
(Jaques Isnard; LE MONDE, 1 Sep 81)..... 1

## Briefs

Neutron Bomb Delay 4

## SWEDEN

## Briefs

VPK's Werner Backs 'Zone' 5

## ENERGY ECONOMICS

## INTERNATIONAL AFFAIRS

## Briefs

Sweden, Finland Study USSR Gas 6

## TURKEY

Oil Shale Reportedly Offers Alternative to Oil Imports  
(DUNYA, 29 Aug 81)..... 7

## Briefs

West Raman Oil Production 8

Nuclear Plant Contract Cancellation 8

## ECONOMIC

### FEDERAL REPUBLIC OF GERMANY

Second Quarter 1981 Shows Export Growth, Domestic Decline (DIW WOCHENBERICHT, 20 Aug 81).....	9
Despite Budget Agreement Financial Problems Persist (DER SPIEGEL, 14 Sep 81).....	12
Low Harvest Yield Disappoints Farmers (FRANKFURTER ALLGEMEINE, 29 Aug 81).....	17

### FRANCE

Formaero Group Organizing Training Program (Guy Mulon Interview; AVIATION MAGAZINE INTERNATIONAL, 15-31 Aug 81).....	18
--	----

### GREECE

Developments in Agricultural Production Reported (BUSINESS & FINANCE, 5 Sep 81).....	21
Shipping Status, Statistics Reported (BUSINESS & FINANCE, 5 Sep 81).....	28

### ITALY

Confindustria's Giustino Analyzes Cost of Labor (Enzo Giustino; IL FIORINO, 19 Aug 81).....	30
--	----

## POLITICAL

### BELGIUM

Group Within Flemish Social Christians Demands Reform (LE SOIR, 26 Aug 81).....	36
--	----

### FEDERAL REPUBLIC OF GERMANY

Budget Quarrel Creates Great Rifts in Coalition (DER SPIEGEL, 7 Sep 81).....	39
---	----

### FRANCE

'Excessive Armament' of United States Viewed Critically (Editorial Report).....	44
--	----

## SPAIN

- 'ABC': There Is No Option But To Join NATO  
(Manuel Monzon; ABC, 21 Aug 81)..... 45
- 'DIARIO 16' Favors NATO Entry  
(Alejandro Munoz Alonso; DIARIO 16, 26 Aug 81)..... 48

## MILITARY

### SWEDEN

- Paper Backs Army Head's Defense Program Proposals  
(SVENSKA DAGBLADET, 3 Aug 81)..... 51

## GENERAL

### SWEDEN

- Briefs  
Libyans Denied Military Courses 53



## NUCLEAR SUBMARINE'S CAPABILITIES, ARMAMENT DESCRIBED

Paris LE MONDE in French 1 Sep 81 p 11

[Article by Jaques Isnard: "Hernu to Attend Launching of Second Nuclear-Powered Attack Submarine"]

[Text] Defense Minister Charles Hernu is scheduled to be at the Cherbourg Navy Yard on Tuesday 1 September for the launching of the "Saphir," the second French nuclear-powered attack submarine (SNA) and fourth French submarine to bear that name. The "Saphir" is scheduled to join the fleet in 1984.

The first submarine of this class, the "Rubis," is currently undergoing the trials and is expected to be operational in a year.

Research and development work on this program began in 1973, and it was initially planned to name these submarines after French provinces. The first of its class had been christened "Provence," and the next two "Bretagne" and "Bourgogne." But the protests from navy veterans of Free France [World War II] led Joel Le Theule, then defense minister and now deceased, to redesignate the "Provence" as "Rubis," thus initiating a so-called precious-stone class. Hernu personally selected the name "Saphir."

These attack submarines will be organized into a unit based at Toulon and assigned to the Mediterranean Fleet.

## A 900-Million Franc Compromise

In referring to this type of vessel which is tending to become the "capital ship" of the world's most modern naval forces, a senior French naval officer said: "An SNA costs as much per kilogram today as foie gras." The cost of an SNA is 900 million francs, excluding the cost of its weaponry and spare parts. The navy's plans call for the commissioning of five such submarines between now and December 1988, a naval program which is expected to total approximately 5.5 billion francs (1981 estimate). If the government gives its approval in time, the navy's equipment plan "for the year 2000 and beyond" calls for the construction of a total of 10 modernized SNA's over the years.

This program is indicative of the exceptional interest taken in this class of submarine by the French Navy at the present time, even if such was not always the case in the recent past. The French SNA program has had to be spread over a

period of time in comparison with foreign programs. The first of its class, the "Rubis," will be operational next summer, whereas the U.S. Navy's "Nautilus" was commissioned in 1954, the Soviet prototype made its appearance in about 1959, and Great Britain practically gave priority to its missile-launching nuclear-powered submarine program, so much so that it now has some 10 of them available and ready to put to sea.

Yet it should be noted that the French SNA is the result of a compromise between technical, industrial, and financial considerations, all of them difficult to reconcile in building a ship which is still the smallest, in tonnage, of its type.

While the SNA's torpedoes and equipment--with a few exceptions, notably the most modern passive sonar system--are quite similar to those aboard existing conventional Agosta-class submarines, on the other hand, the technology of the "Saphir's" nuclear propulsion system and the new "change of environment" tactical missile that will soon arm this type of SNA, give proof of the performance capabilities obtained in France, each in its own field, by the Atomic Energy Commission (CEA) and Aerospatiale (SNIAS).

For the "Rubis" and subsequent SNA's, the CEA developed, for the first time anywhere in the world, an advanced nuclear submarine power plant which operates on the same principle as a central heating system. The reactor makes use of the natural tendency of hot water to rise and cold water to fall, in other words the CEA has succeeded in eliminating all of the principal pipes and pumps by mounting the steam generator directly on the reactor vessel. This ingenious innovation made it possible to develop a quieter and very compact reactor--suitable for a light-tonnage vessel--and whose lower intensity radiation sources require lighter shielding, thereby proportionately reducing the ship's volume and weight. The submarine's steering modes, especially its acceleration, are also more flexible.

To arm the SNA's, Aerospatiale has designed the SM-39 missile which will supplement the 533-millimeter torpedoes and mines launched from four tubes. The SM-39 is a derivative of the Exocet missile and can deliver its warhead to a range of 50 kilometers. The SM-39 is enclosed in a canister which, having been ejected from the submerged submarine like a torpedo, is then propelled and guided to the surface where it releases the self-activated missile.

In its present configuration, the "Rubis" cannot fire such a projectile, but the "Saphir" has been designed to carry the SM-39 and launch it from torpedo tubes when submerged.

Because it is both mobile and continuous in its operational missions, and because its combat capabilities, coupled with its speed and operating range, are limited only by the crew's endurance, the SNA is the means par excellence of furnishing support to naval forces and retaliating against surface ships on the open seas. It is less suitable for searching out and destroying enemy submarines, because for such operations these SNA's would have to be equipped with expensive listening devices they currently lack.

As explained by another senior officer of the French Navy: "Unlike conventional submarines that lie in wait for the enemy, the SNA can track, shadow and challenge

the potential adversary, choose the moment of attack."

In actual fact, this is possible only if the SNA has reliable and frequent communication with its shore-based headquarters and maintains these communications in such a way that its breaches of noise control and security discipline are kept to an absolute minimum. Such is the case, for example, of the American SNA's that have continuous access to a complete space communications system. The lack of such a system is probably the French submarine fleet's weakest point.

#### "Saphir's" Main Characteristics

Surface displacement: 2,385 tons. Submerged displacement: 2,670 tons. Length: 72.1 meters. Crew: 68 men, including eight officers.

It is powered by a nuclear reactor designed to operate at a power level of 48 megawatts (thermal). This power plant drives a single shaft developing a speed of 25 knots (approximately 46 kilometers per hour).

The submarine's tactical armament consists of four torpedo tubes that can be used to lay mines or launch 533.4-millimeter weapons against surface targets.

8041

CSO: 3100/947



THEATER FORCES

FRANCE

BRIEFS

NEUTRON BOMB DELAY--The experts at the Ministry of Defense are still saying that France does not yet have an operational neutron bomb. Research on the bomb, however, is continuing and could produce results in "no more than a year," they say.  
[Text] [Paris LE POINT in French 21 Sep 81 p 51]

CSO: 3100/1

## BRIEFS

VPK'S WERNER BACKS 'ZONE'--Lulea--The possibility of establishing a Nordic area free of nuclear weapons has improved this summer. The governments of the Nordic countries have actually intensified their work directed toward that end and intensive diplomatic activities are being carried on in the East and the West. On Sunday, VPK [Left-Wing Communist Party] leader Lars Werner said, in Lulea, "Only the Swedish government has remained passive and now Ullsten has to stop putting off the question and get Swedish efforts to establish a Nordic area free of nuclear weapons started. A unanimous Riksdag has ordered the government to increase the Swedish exertions, but Ullsten is reacting unenthusiastically to the Riksdag's resolution. Therefore, a five-party committee must be appointed now to make sure that the Riksdag's resolution that work for a Nordic area of that nature should be started in Sweden is carried out." [Text] [Stockholm SVENSKA DAGBLADET in Swedish 31 Aug 81 p 6] 9266

CSO: 3109/246

## BRIEFS

SWEDEN, FINLAND STUDY USSR GAS--Swedegas and Finlandska Neste are going to make a joint study of how a natural gas pipeline could be run from the Soviet Union through Finland to Sweden. That was the result of the most recent round of negotiations between the nationalized Swedish gas company and the Finnish oil company. The study is to be performed from existing map materials of Neste Engineering. The purpose is to produce a basis for continued negotiations on the ownership situation, financing and dividing the cost of a possible natural gas pipeline from the Soviet Union. Swede-gas has expressed a desire for a pipeline with a capacity of up to 3 billion cubic meters of gas a year. In the middle of October, Swedegas will submit a situation report to the Ministry of Industry on the conditions which would make it possible to import natural gas by way of Finland. "And at the end of the year we hope to have gotten far enough in our discussions with the Finns that it will be possible to see whether this is an idea which would lead to real negotiations with the Soviet Union," says Torkel Osgard, of Swedegas. [Text] [Stockholm SVENSKA DAGBLADET in Swedish 1 Sep 81 p 26] 9266

CSO: 3109/246

## OIL SHALE REPORTEDLY OFFERS ALTERNATIVE TO OIL IMPORTS

Istanbul DUNYA in Turkish 29 Aug 81 p 4

[Excerpts] Izmir, (HHA)--Scientists seeking to end dependence on petroleum producing nations and carrying out research designed to bring to an end the age of petroleum which shaped their nation's economies have finally obtained petroleum from oil shale, and said that with the same method, Turkey could put an end to petroleum imports within 10 years at the latest. Specialists at the American pavilion at the 50th Izmir International Atatürk Fair said: "There are rich deposits of non-carbonized minerals called slate, "zenpit" [translation unknown], argillite and "siferton" [translation unknown]. All that is left is for Turkey to utilize these deposits. [Passage omitted]

At the fair, the American scientists generally placed emphasis on the subject of energy and the constraints on energy consumption. In a statement to the Hurriyet News Agency correspondent, they said: "You are very lucky. However, the Turkish government must begin work in this field immediately and must participate in undertakings aimed at obtaining petroleum-bearing oil from oil shale." American officials indicated that of all the countries in the world, oil shale deposits were to be found only in the U.S., Canada, Russia, Switzerland, Turkey, Brazil, Zaire, Monaco, China and Australia; however, none of these countries had taken measures to exploit this. They said: "Turkey is a developing country. It is spending more than \$2 billion on petroleum, an amount greater than its yearly exports. Now, in the event the facilities to obtain the petroleum-bearing oil from the oil shale were set up, in 10 years, Turkey could put an end to its petroleum imports. Consequently, Turkey would not be affected by the world petroleum crisis. We believe that Turkey is going to make good use of this opportunity. American specialist Frank A. Ursino added that there were oil shale deposits in all regions of Turkey.

CSO: 4654/173



## BRIEFS

WEST RAMAN OIL PRODUCTION--Ankara, (ANKA)--It is reported that technical studies relative to increasing the crude petroleum production of the West Raman field have been completed and the implementing of "secondary production techniques" designed to increase the current production level 13-fold is to begin. To this end, the Turkish Petroleum Corporation [TPAO] has begun the process of awarding the contract for the 81 kilometer pipeline which is to transport the carbon dioxide [dodan gazi] which is to be pumped into the petroleum wells in the West Raman field. According to information provided by TPAO officials, proposal will be accepted up until 11 September. Construction of the pipeline is to be completed in the last quarter of 1982. Efforts to increase production by pumping carbon dioxide into the wells will begin in the first part of 1983. [Text] [Istanbul MILLI GAZETE in Turkish 28 Aug 81 p 4]

NUCLEAR PLANT CONTRACT CANCELLATION--Ankara (THA)--It has been learned that the contract for the Akkuyu Nuclear Power Station, which was awarded to the Swedish firm "Aser Atom" in 1978 will be cancelled and that the process of awarding the contract for the power station would be resumed in the near future. According to information obtained by the Turkish News Agency from the director general of the Turkish Electrical Power Enterprise, in the new request for tenders, the firms would be asked to procure credits sufficient to fully meet the project's foreign currency requirements. The Swedish firm, which was awarded the contract in 1978, had contracted to procure 85 percent of the investment amount, set at around \$500 million according to conditions existing at that time. However, when the firm was later requested to procure 100 percent of the credits, it was unable to provide this amount and there have been no developments concerning the project up to the present. For this reason, it was decided to annul the contract. Authorities indicated that the project cost had increased by 100 percent within the past 3 years, exceeding \$1 billion. [Text] [Istanbul MILLI GAZETE in Turkish 19 Aug 81 p 7]

CSO: 4654/173

## SECOND QUARTER 1981 SHOWS EXPORT GROWTH, DOMESTIC DECLINE

West Berlin DIW WOCHENBERICHT in German 20 Aug 81 pp 385-392

[Text] Production of the FRG national economy in the second quarter 1981 was a little lower than in the previous quarter. The fact that the level did not sink more markedly is due to the sizable expansion of goods export. Domestic utilization of goods--corrected for seasonal, calendar and price effects--went down by 2 percent after remaining unchanged in the previous quarter. This shows that the recession has by no means ended. Compared with the corresponding period of last year, the real gross national product has gone down by about 1 percent. For the first half year, the reduction in comparison with the previous year amounts to 1.5 percent.

Because of weak domestic demand, production of the manufacturing industry--despite the sizable growth of goods export--again decreased slightly. An increase was recorded only by industries producing capital goods, which are particularly favored by export business. Production in the areas of mining, electricity and water supply, which are scarcely affected by the development of demand from abroad, decreased markedly. Production of the building trades, in particular that of the structural building trades, went down in the months of December to March more than usual for the season. Thus, only in the quarter reported on was there a temporary sizable increase in gross creation of value. Altogether, production in the goods-producing trade was stagnant. The capacity of the tertiary sector again went down. Above all, retail trade showed sizable losses. In transportation, capacity increased slightly because of the sizable reductions due to weather in the previous quarter.

The terms of trade during the reporting period have again worsened. Import prices again rose more rapidly than export prices. The domestic upward trend in prices has also increased. The deflation factor (price index of the gross national product) rose in comparison with the previous quarter by 1.5 percent. It exceeded the previous year's level by almost 4.5 percent, after about 5 percent at the beginning of the year. For the nominal gross national product one can thus calculate in the first half year an increase in comparison with the previous year of a good 3 percent.

The real equipment investments have been at the same level since the end of 1979. A recessive development is not recorded here so far. This relatively favorable tendency is presumably also due to the affects of the export business. At the same time, it is an expression of the considerable efforts by the economy to reach an accommodation to the changed cost and demand structure. While, in the quarter reported on, the purchase of capital goods domestically was again slightly reduced, imports increased strongly. Producers of electrotechnical capital goods reported increased real domestic turnover in this connection. In machine construction, on the other hand, domestic sales again decreased, although less than before. The upward trend in prices remained unchanged on the whole: while it weakened for imported goods, it accelerated slightly for domestic goods.

The economic situation in the building trades has worsened further in the quarter reported on. The further increased interest rates and the greater restraint by governmental authorities in awarding contracts increasingly affect the demand for construction investment. Although production of the structural building trade, corrected for seasonal effects, increased considerably, this was due solely to the particularly high production losses due to the weather in the previous quarter which--despite reduced bookings of new contracts--temporarily even led to a rise in the scope of orders booked. The basic tendency in construction activities nevertheless remained downward. The finishing building trade is showing only weak impetus. However, capacities here are still relatively well filled because of the continuing modernization and energy saving wave. The slowdown in the production increase has supply as well as demand reasons: Continuing lack of skilled workers and high financing costs. The precarious position of the construction economy led in the fall of last year to a clear flattening in the increase of construction prices. Since that time, it has remained unchanged at an annual rate of 6 percent.

Inventory investments have been reduced considerably. The bad sales situation and high interest rates lead to intensified attempts to hold inventories short. However, firms in industry and trade judged recently that their finished goods stocks were still too high, and so further reductions of stock buildup can be counted on.

Private consumption has, following the drop in the previous quarter, again increased nominally to a small extent. The rise in net income from work and in national income was altogether 1.5 percent of the previous quarter, which is relatively strong. However, the disposable income of private households did not increase because of the strongly dampened development of profit income. The small increase in consumption expenditures therefore went together with a clear reduction in savings; savings deposits and securities purchases sank markedly. With the simultaneous strong price increases for goods and services for private consumption, further losses in real purchasing power of households occurred. There are several reasons for the continuation of the strong upward price trend: Intensification of the rise in the cost of food-stuffs, increase of a few controlled prices (on 1 April the alcohol and mineral oil tax was increased), but above all the increase in costs of imported goods caused by exchange rates. The international value of the Deutsche mark sank further from March to June: By 1.5 percent vis-a-vis the currencies of 23 important industrial countries, by 11.5 percent vis-a-vis the U.S. dollar alone. Inasmuch as raw materials purchases are contracted for internationally in U.S. dollars, clearly more had to be spent for gasoline and heating oil than in the previous quarter, despite considerable savings in the quantities used.

The real regression of private consumption had an effect above all on retail sales in almost all important goods categories. Strong sales losses occurred in the automobile trade. The used car business did even worse than the new car business, but new registrations were also down by 5 percent, season-corrected. Expenditures for travel, however, went up.

The rise in goods exports, which was already rapid before, has become further accelerated during the second quarter. The unusually strong increase of a seasonally corrected 5 percent is due--aside from devaluation of the Deutsche mark, which clearly improves the competitiveness of domestic industry--to the fact that the OPEC countries, as well as a few other raw-material-supplying countries, have increasingly used their revenues for purchases in the FRG. The strengthened competitive

situation contributed to stabilization of deliveries to Western industrial countries, and deliveries were thus not so strongly hurt by the unfavorable effects of the economic situation. The German capital goods producers in the area of electrotechnology and machine construction above all profited from this development. Here the enterprises were able finally to increase their prices a little more sizably than before, but again not to the extent that their expenses for wages, interest and raw materials had risen.

In the second quarter real imports of goods went down. This affected above all EC member countries and developing countries. Corresponding to the weak private demand, reductions occurred particularly for consumer goods but also for raw materials and semifinished goods.

The positive balance of trade increased considerably during the quarter reported on. On the services balance sheet, however, the deficit increased again because expenditures in services industry activities, above all because of high interest expenses (the cost of money), increased noticeably. The nominal foreign contribution was, however, only slightly in deficit.

The volume of work, which had gone down especially in the previous quarter because of weather and calendar, went down only a little. The number of hours worked per employee was again a little higher. The number of working employees, however, was again reduced by about 50,000 persons. Above all, in the processing trade work forces were increasingly laid off, while in the structural building trade demand slowed down. The number of unemployed increased markedly. For the first time since fall 1975, the unemployment rate exceeded the 5 percent mark.

#### Outlook

The international value of the Deutsche mark as compared with the U.S. dollar was lower by 7.5 percent at the middle of August than for the average of the month of June. Nevertheless, the extraordinarily strong increase in orders booked from abroad as recorded during the first months of this year stopped in May-June. This shows that the expansion was strongly supported by orders which had been placed ahead in the expectation of a renewed rise in the international value of the Deutsche mark. Therefore, in coming months the economic situation in the FRG is expected to be less affected by exports. As shown by the domestic demand from industry, the domestic economic situation continues in a downtrend. Above all in the consumer goods trade, but also in the capital goods trade, demand went down noticeably. The building demand under the effect of restrictions emanating from financial and monetary policies is also clearly in a downtrend. Thus, in coming months production stimuli are to be expected neither from consumption nor from investment activity--all the more so because the speed of retail price increases has again accelerated and the real purchasing power of private households is thereby further strongly reduced.

Under these conditions, the real gross national product in the third quarter, corrected for working days and seasons, will sink and will again lie lower than the previous year's level. With this, unemployment will increase.



## DESPITE BUDGET AGREEMENT FINANCIAL PROBLEMS PERSIST

Hamburg DER SPIEGEL in German 14 Sep 81 pp 17-19

/Text/ Despite all efforts at cuts in expenditure, the Minister of Finance is not going to be able to manage next year. The planned new borrowing will certainly by far exceed the DM 26 billion officially announced by Matthoefer. The additional requirements for the Tornado will strain the budget by many billions.

Neither SPD nor FDP budget experts were prepared for the news leaked to them last week by the Federal Defense Ministry. Though long used to trouble from that source and, especially, the Tornado multipurpose military aircraft, they could not believe the allegations about the scandal-ridden miracle bird.

And yet it is true: When officials recently began to look into the papers left behind by former head of the arms department Hans-Ludwig Eberhard, retired a few weeks ago, they found a hitherto unknown document.

There they read that Eberhard had signed some time ago a so-called memorandum of understanding (MoU), serial No 12, on the further development costs of the Tornado. By this paper the Federal Republic of Germany accepted additional obligations to industry, in the amount of some DM2.8 billion.

Up to now the deputies were familiar with only 11 such memoranda. These are papers ranking as contracts and involving substantial penalties in case of default. Nothing had been heard of Eberhard's "MoU 12," spelling another billion commitment, neither at Apel's closed meeting when the Hardthoehe /FRG equivalent of the Pentagon<sup>1</sup> provided its cash, nor at the time Finance Minister Hans Matthoefer drew up the medium term budget plan.

The dismayed deputies called Defense Minister Hans Apel and asked for clarification. Apel, however, was unable initially to help the aroused budget experts. Once again he did not know.

Subsequently the hard-pressed Defense Minister called for an investigation--and finally confirmed the truth of the leaked information.

At the behest of the angry parliamentarians the minister will report Tuesday next to the financial experts of the coalition fractions and disclose the whole truth about "MoU 12." As one of the budget specialists in the coalition fractions speculates, "that might turn out to be Apel's worst goof yet."

The news from the Hardthoehe exactly fits the impression gained last week by the social-liberal budget experts of the Bonn budget, following the preliminary conclusion of the 1982 fiscal operation.

The conclusions of the parliamentary accountants were depressing: Despite the week long wrangling about national finances, which almost blew up the coalition, despite finally respectable cuts, nobody can imagine how Finance Minister Matthoefer is to bring the national budget even halfway under control.

Matthoefer's target to bring down new borrowing to DM26.5 billion in 1982 can be achieved only by a miracle: The deputies traced embellished figures in nearly all budget appropriations. The alleged budget cuts can be put together only by tricks and retouching.

Already out of kilter are the budget accounts for the remainder of this year. Hans Matthoefer intended to get away with DM34 billion in new borrowing, or so he said in his latest pronouncements. Initially he spoke of DM26 billion, and it is quite on the cards now that Matthoefer will ultimately well exceed the DM34 billion also.

Two weeks ago, when his officials drew up the balance sheet of planned and actual spending in the first half 1981, a veritable chasm opened up.

Hans Apel alone had used DM1.2 billion more than planned. Not only had the Tornado turned out to be more costly: The plan was well exceeded everywhere, from dental treatment for the armed forces (plus DM17 million) to the procurement of clothing (plus DM34 million).

The situation is similar with respect to the accounts of other Bonn ministries. Whether involving liquidity aid for the Federal Institution for Labor (plus DM1.3 billion) or widows and orphans pensions (plus DM890 million)--the plan failed almost everywhere in the first 9 months.

At present budget experts are betting that Matthoefer will be unable by the end of the year to keep new net borrowing below DM40 billion. SPD budget expert Rudi Walther already admits that it "will probably amount to DM35 billion."

Even more somber is the outlook for next year's budget.

Of course a budget plan is always able only to estimate the spending and revenues of the following year. Risks are inevitable. For example, business development and therefore tax revenues can be no more than roughly estimated.

When Hans Matthoefer drew up his 1982 budget he seemed actually quite uninterested in gauging the probable trends. His estimates of important items were so optimistic that it is easy to forecast a new billion deficit in 1982--even though Matthoefer's parliamentary State Secretary Karl Haehser was quick last week to deny the first reports of new gaps at the hearings of the Bundestag budget committee. Haehser calmed down the parliamentarians by saying that "there is no truth in the allegations" of missing billions.

There is.

The first item is money for the unemployed. The coalition budget negotiators had agreed that the Federal Republic would do well if it got away with an average of 1.5 million unemployed in 1982. Even if the growth rate were to climb well beyond the optimistic government estimate of 2.5 percent in real terms, this jobless average would hold true.

Moreover, labor saving rationalization in the corporations, the utilization of idle capacities and the additional influx to the labor market will prevent any early improvement.

Matthoefer's calculations of subsidies for the unemployed are based on 1.4 million job seekers. The costs (expenditure and revenues received) per 100,000 unemployed: DM1.4 billion. Where they are to come from is a secret well guarded by the Finance Minister.

And this is how it goes on. When, shortly before the conclusion of the budget discussion in the Cabinet in late July DM1.5 billion persisted in being short, Matthoefer put his hand into the box of tricks. Without any hesitation he began by cutting DM600 million from the turnover tax to be paid by Bonn next year to EC accounts in Brussels. Nobody knows why Brussels (which in any case never manages with the money it gets) should not need these millions.

Part of the missing amount is to be produced by the increase in the tobacco, champagne and liquor tax decided upon.

At a closed meeting of SPD/FDP budget experts in Bad Neuenahr 2 weeks ago, Finance State Secretary Haehser was compelled to admit that this item too was exaggerated. Matthoefer's staff simply postulated the current use of tobacco and liquor without taking into consideration the usual drop in consumption after a price increase. That will mean another loss of DM300 million (estimated).

Matthoefer incurred a particularly great risk in regard to the FRG's international obligations next year. The budget does take into account events in Poland which involve DM1 billion losses arising from guarantees and subsidies. According to an internal memorandum from the department, "we must actually expect new funding of up to DM1.3 billion." Should the planned liquidity aid for Poland by the Bank for International Settlements materialize, Bonn is liable for another DM250 million. All in all certainly DM500 million more.

Romania's ability to pay also gives cause for concern. Only DM40 million have been paid of the special credit line which that country may dispose of on the promise of Federal Chancellor Schmidt.

Next year a total of DM15.9 billion export guarantees will fall due. Even though only a fraction will actually be called, Matthoefer's officials are quite correct in saying that "the risk potential is substantial."

The list may be extended at will.

This year DM180 million in German development aid contributions to international banks were not called upon. The claim of the banks, though not transferred to the 1982 budget, continue and may be asserted next year.

As it is Development Aid Minister Rainer Offergeld has firm obligations in the amount of DM13 billion. Nobody knows when the money--for development projects and financial aid--will be called.

Whether expenditure shortfall (DM1.3 billion) or coking coal aid, whether Apel's frigates (risk around DM400 million) or the disputed DM1 billion Laender subsidy for the children's allowance--every one of these uncertain budget items may unbalance the budget plan Matthoefer will submit to parliament this week.

Nor is that all. Matthoefer increased the Federal Railways subsidy by DM250 million for next year. The transport enterprise, deep in the red, will get a total of DM12.8 billion, and even that is DM3 billion short of its needs. The plan says the railroad should borrow the remaining money.

The additional credit brings the railroad's total debts to almost DM37 billion. And as Bonn is unwilling in future years also to spend more money on higher subsidies, the railroad will be hopelessly in debt to the tune of nearly DM50 billion by the end of 1984..

FDP deputy Klaus Gaertner is most surprised that nobody any longer even mentions the railroad, although it represents the greatest risk to the budget. The Liberal commented: "It is an autonomous phenomenon which has no father nor mother and simply cruises around."

Analogous to the railroad, Bonn's financial planners drew up a concept for Apel's defense budget, which does not square with reality at all. The 1982 defense budget is to rise by 4.2 percent while a 4 percent rate of inflation is assumed. In fact, therefore, it will remain stationary. Appealing for understanding for Apel among the SPD fraction last Tuesday, Federal Chancellor Schmidt said it was difficult to manage with that amount. "It would be really appropriate," said Schmidt, "for some comrades to take his side."

Apel does indeed need support. Almost every item in his budget--with the exception of major procurement obligations--is to be cut next year by comparison with the 1982 appropriations. It is hard to see, though, how freight costs for example are to be cut if the Federal Railways raise tariffs.

The planning for the period from 1983 is totally absurd. At that time the defense budget is to rise by only 2.5 percent annually in nominal terms, in other words it will actually decrease.

Shocked by the balance sheet and Apel's "MoU 12," the budget deputies of the coalition fractions tried last week at least to improve their supervisory opportunities. In a private session the audit committee ordered Karl Wittrock, president of the Federal Audit Office, from now on to go after the Defense Ministry which had so far enjoyed a good deal of immunity.

The deputies agreed unanimously to approve a branch office in Bonn, staffed with experts, for the Frankfurt Audit Office.

They also want to oblige the Defense Minister to include in every contract a clause permitting government auditors to audit the private firms involved also. Helmut



Esters, chairman of the audit committee, visualizes that "they will thoroughly scrutinize everything that is going on."

It is quite understandable that the deputies are occupying so intently with the Defense Ministry. Last May they had required the ministry to submit to parliament all orders involving more than DM50 million.

Last week, however, the deputies discovered that the Hardthoehe does not bother with such minor matters. Two months after receipt of the request (order) Apel's State Secretary Klaus Dieter Leister signed the next lot of procurement contracts, the fourth stage of the Tornado, for about DM500 million. As in the case of the "MoU 12," the parliamentarians learned about it by accident.

Now State Secretary Leister, like his boss Apel, will have to give an accounting to the deputies on Tuesday next.

11698

CSP: 3103/441

## LOW HARVEST YIELD DISAPPOINTS FARMERS

Frankfurt FRANKFURTER ALLGEMEINE in German 29 Aug 81 p 11

[Article: "Interim Balance of the Farmers Federation"]

[Text] K.B. Bonn, 28 August--Results of the 1981 harvest available so far are not satisfactory. On Friday, the German Farmers Federation beat Food Minister Ertl to the punch by issuing this interim balance before his traditional harvest report. On Monday, Ertl will announce the interim official harvest figures. The Farmers Federation considers the harvest report at this time to be premature because farmers have not yet put the grain harvest into barns.

In the interim report the Farmers Federation points out that winter barley was unsatisfactory in both yield and quality. Yields were about 10-15 percent below the previous year's level. For winter wheat, an average reduction for the FRG of about 10 percent is expected. Rye, the report continues, is once again disappointing, not only because of yield but also because of quality. On the other hand, summer barley as a raw material for malt production is judged to be good. It has a favorable protein content and a high proportion of whole barley. Major losses are reported from the chief cultivable area for rape, Schleswig-Holstein. There, 60,000-80,000 metric tons less have been harvested this year than in 1980.

Many fruit growers are very disappointed about this year's harvest. Spring frost damage was considerable in some areas. The Farmers Federation concludes its report by stating that, after the many disappointments, German agriculture still expects good yields for corn, potatoes and sugar beets. The sugar beets, however, still require much sunshine.

5586

CSO: 3103/420

## FORMAERO GROUP ORGANIZING TRAINING PROGRAM

Paris AVIATION MAGAZINE INTERNATIONAL in French 15-31 Aug 81 p 13

[An interview with Guy Mulon, managing director of Formaéro.]

[Text] [Question] Formaéro GIE [Economic Interest Group] was organized in the beginning of June to conduct training programs for French or foreign civilian or military personnel using aviation equipment and specifically equipment developed by Aérospatiale. What are the reasons behind this step?

[Answer] The reasons stem primarily from the increasingly felt need to supply our customers with a service they could have done without some time ago, which is to provide to the personnel of some of our customers a basic training to enable them to acquire an adequate level of technology to then take the qualifying courses given by the industrial suppliers in the context of equipment sales contracts. This is a new service that our instruction centers are not really equipped to handle.

This need was felt particularly acutely in Aérospatiale, and especially in our helicopter division. It is in this area where there are the most urgent needs. Moreover, this is why our first GIE program will be organized in this field.

[Question] But this problem did not just crop up from one day to the next, because Aérospatiale has been exporting helicopters for more than 15 years. So why is GIE being created only now?

[Answer] First I would say that it takes time to put something into concrete form. To that I would add that our builders all have a lot to do already as industrialists, to take on the job of "school teachers," as well. Then too, I think that the problem has grown as our civilian and military customers have increased.

[Question] This then means that Aérospatiale is expanding its activities. Would you say that the company has played the predominant role in forming GIE?

[Answer] We in Aérospatiale have been aware of the need to do something in this area. But we have not been the only ones. Of course the offices of OGA (General Air Board) and OFEMA (French Board for Export of Aviation Equipment), which are in contact with the customers--in the felt a need to create an agency to provide this type of training (a training which, I repeat, cannot be furnished by

industrialists as such). Moreover, at the same time action has already been taken by Hélic-Union (which has been training pilots for over 10 years) and by SODETEG [Technical Studies and General Enterprises Company], as part of its engineering program. These are two companies which are also members of GIE.

Thus there are a whole series of needs and means we have to coordinate...

I would add that Aérospatiale is contributing its renown, its customers, and its logistics to this operation, while the other members are for their part contributing their know-how and available means, which gives the GIE a certain independence in its operations vis-a-vis the member companies.

Aérospatiale will not be the only one making decisions on GIE policy.

[Question] You spoke of the interest that OGA and OFEFA have in this operation, two agencies which also receive funds from FIAS (the promotion and coordination association of the International Air and Space Training Center, established under GIFAS [French Aeronautics and Space Industries Group]). Might not your programs "short circuit" the activities of that agency? How is this in fact going to work?

[Answer] Our activities will be complementary. We are obviously not interested in creating competitive organizations. Formaero's objective is to handle the basic training of direct users of materiel, and not to impart a certain level of technology to future employees, which is what FIAS does.

I believe in fact that our services could be of assistance to FIAS, should it for instance find that it has to deal with problems of training users under a very broad contract.

[Question] How have official circles reacted to this initiative? Have they given you the support you counted on?

[Answer] We are in the process of officially informing these circles. And I would say that this initiative will most certainly be appreciated. In fact, the official agencies concerned made sure to tell us that some companies, such as Aérospatiale, for example, were going to take steps in that direction. They too have run into problems of this type in certain foreign countries.

[Question] In what countries are you planning to conduct these activities first?

[Answer] Our goal is to respond to all requests from civilian and military customers which actually need this type of training. The need seems to be felt the most in Africa, both in the north and south of the Sahara, in Latin America and in the Middle East.

[Question] Do you already have contracts?

[Answer] No. But we are now offering the service in the field of helicopters to some of our clients, such as the Royal Moroccan Police Force and Air Algeria. Moreover, we are preparing a proposal for Pakistan. And finally, we are taking steps in this direction in the Middle East.



[Question] What are the main features of the world market in training?

[Answer] It is still difficult to outline the main features of the world market in training. We know that this market exists, and efforts have been made to survey it. At present we have quite a precise idea of the extent of this market. What is harder to measure is customers' desire to take account of this training problem in their equipment purchase plans...

Thus there are a lot of promotional activities that should be conducted in this area by the members of Formaéro, for this is a promising market.

9805

CSO: 3100/931

## DEVELOPMENTS IN AGRICULTURAL PRODUCTION REPORTED

Athens BUSINESS & FINANCE in English No 158, 5 Sep 81 pp 22-28

[Text] It is estimated that in 1980, the volume of the gross agricultural product increased by 11.5%. This increase finally brought the gross agricultural product above the 1975 level, at which it had remained stagnant for several years. These developments in the agricultural sector between 1976 and 1981 are in contrast with the rapid rate of development which agricultural production showed from the end of the Second War until 1975.

During the period from 1951 to 1960, the gross agricultural in constant prices had increased at an annual rate of 3.75%, and at a rate of 4.75% during the decade from 1961 to 1970. In the five years between 1971 and 1975, the annual rate of increase was 3.80%, which fell to 1.35% in the period from 1976 to 1980. It is important to remember that even this increase was due to the favourable developments which took place during 1980.

## 1980 PRODUCTION

Agricultural production increased by 10.2% in 1980, after a decrease of 3.3% in 1979, and an increase of 6.3% in 1978. This increase, which was the greatest in fifteen years, was due almost exclusively to increased vegetable production (+ 15%), and the very favourable weather conditions that prevailed during the cultivation period. Particularly for cereals, the increased production was also due to the use of simple corn hybrids and new varieties of wheat.

However, the importance of the increase in volume of the agricultural production in 1980 is reduced, if account is taken of the fact that half of this increase was the result of the production of only three traditional products - wheat, olive oil, and oranges. It should further be added that even though the increase in livestock production in 1980 was higher than the previous year (3.0% instead of 1.3%), development continues at a very slow rate.

From these developments in agricultural production in 1980, it can clearly be seen that agriculture is greatly affected by weather conditions. This fact in turn is proof of the inadequacy of investments, both public and private, in this sector in recent years. The volume of investments in agriculture in the five year period from 1975 to 1980, was 6.1% lower than in the period from 1970 to 1975. The developments for the main cultivations were as follows:

- Of the 15% increase in vegetable production 42% was from ploughed, and 58% was from grove cultivation. Of the latter, the greatest increases were in the production of olive oil, oranges, and peaches.
- Of the ploughed cultivations, the greatest increase was shown by cereals, while the production from industrial plants decreased by 8% - a result of the elimination of areas for the cultivation of sugar beet and tobacco.
- The 9.1% production increase of the ploughed cultivations is due exclusively to the increased stremma efficiency (ie greater production per stremma), which was achieved despite the reduction by 176 thousand stremma (0.8%) of the total area given for these cultivations.

Concerning the production of the various agricultural products:

— Wheat production increased by 22.3%, or 535 thousand tons, and reached a total of 2,931 thousand tons, exceeding all previous levels of production. This rise is due to the increase in the total area given to wheat cultivation (2%), but mainly to the increase of the average stremma efficiency from 255 kilos in 1979 to 307

kilos in 1980. Apart from the total increase in volume, there was also in 1980 an improvement observed in the co-ordination of wheat production. Hard wheat production therefore rose from 386 tons in 1979 to 657 thousand tons in 1980, and as a result, its participation in the total production increased from 16% to 22%.

— In spite of the reduction by 423 thousand stremma of the area cultivated with barley production reached 949 thousand tons (842 thousand tons in 1979). This again was due to the increased stremma efficiency, from 225 kilos (1979) to 287 kilos. It should also be remembered that the 4,080 thousand stremmas annually in the preceeding three-year period, to unfavourable intervention prices for barley, compared to the corresponding prices for competing crops.

— Exceeding all expectations, corn production in 1980 reached 1,233 thousand tons, compared to 731 thousand tons in 1979, and an average annual production of 540 thousand tons in the preceeding five-year period. This increase was the result of both an expansion of the cultivated area, and an increase of the average stremma efficiency. It should be remembered that a major part of the expansion of the cultivated land (412 thousand stremma) was the result of a reduction in the land given to sugar beet cultivation, which fell from 455 thousand stremma in preceeding years to 285 thousand stremmas.

The average stremma efficiency for corn rose from 599 kilos in 1979 to 756 kilos in 1980. It is important also to remember that with the high production (1,233 thousand tons), for the first time, needs for livestock, which are estimated at about 1,600 thousand tons, will be 75% met by local production.

— in 1980 there was a slight decrease in the total tobacco production in all varieties. As a result, the oriental exported tobaccos decreased to 76 thousand

tons from 81.8 thousand tons in 1979, the oriental industrial tobaccos fell to 24 thousand tons from 26.4 thousand, and burley tobacco fell to 17 thousand tons from 17.5 thousand tons. This was primarily the result of the application of the policy of abandoning some varieties, and secondly the direction of the farmers to other, more efficient cultivations.

— There was an increase in the production of unginned cotton, which rose from 320 thousand tons in 1979 to 356 thousand tons in 1980. This increase was the result of the slight expansion of the cultivations, (3.5%), and the relatively bigger average stremma efficiency (7.2%). It is estimated that this production will give a ginned product of 116 thousand tons, falling short of annual consumption

by 25 thousand tons. This shortage in domestic production (which is not irrelevant to the formation of prices of the product) creates problems in keeping the Greek cotton industry supplied with a good quality product.

— The 50% reduction in sugar beet production in 1980 is a serious drawback for the efforts that have been made until the present to become self-sufficient in this basic product. Production amounted to 1,440 thousand tons (1979:2,800 tons) and gave 174,000 tons of sugar. Domestic consumption is 300,000 tons — 40% more than this. This decrease in production was the result of reducing the cultivated land from 455 thousand stremma in 1979 to 285 thousand stremma in 1980, and also the reduced stremma efficiency (18%). The reduced cultivated area is the result of the turning of the farmers to more profitable crops, such as corn. The reasons for this turning are a) the relatively low increase of the sugar beet security prices, compared to other competing crops, b) the damage of a part of the 1979 crop by the autumn rains, and c) the considerable increase in the efficiency of corn cultivation.

— Olive oil production was in excess of 280 thousand tons (1979:203 thousand tons ... 1975-78 average annual production: 236 thousand tons). The increased production of only this product therefore contributed 27% to the increase in total agricultural production, and 52% to the increased production of grove crops.

— Of the other grove cultivations, there were increases in the production of oranges (68.3%) and of peaches (46%). Finally, there was a high rate of increase in

the production of dried fruits (16%, compared to a decrease of 3% in 1979).

— The production of livestock in 1980 showed an increase of 3%, after a period of stagnation in the preceding four years. (Mean annual change 1975-79: 0.4%). Most of this increase was in poultry and pork. There was also a limited increase in the production of beef (1.8%).

## AGRICULTURAL INVESTMENTS 1971-1980

The developments in agricultural investments over the last decade have been largely affected by the two declining periods 1973/74 and 1979/80 which were a feature of the Greek economy during this time.

The total gross investments in fixed assets in agriculture reached their upper limit in 1973 (9,685 million drachmas in 1970 constant prices), and decreased in the following year to 7,014 million drachmas. After that, they fluctuated around the 7,750 million drachmas mark, drachmas. After that, they fluctuated around the 7,750 million drachmas mark, during the five-year period from 1975-79, and fell again, to 6,000 million drachmas in 1970 constant prices, in 1980. The volume of investments in agriculture in 1980 is at the same level as the average for the years 1965 to 1967.

### Private and public investments.

Following their fall in 1974, private investments showed a satisfactory rate of increase over the next three years, and during 1977 were almost at the 1973 levels. After 1977 they fell again, but at a restrained rate.

Public agricultural investments, on the other hand, showed a constant decrease after their almost vertical fall in 1974. Public investments in agriculture during 1980 (2,040 million drachmas) were half of those of 1973 (constant prices) and this was the worst level for 20 years.

It is also interesting to note that the relation between public agricultural in-

vestments and the total public investments fell from 20% in 1961/62 to 14% in 1971/72, and reached 10% in 1979/80. Public investment in the agricultural sector is continually decreasing, without being complemented by private investments.

## Agricultural Production 1981 PRODUCTION AND PRICES

Over recent years (since about 1976), the good and bad years in Greek agriculture

### Annual rates of increase

1951-60 .....	3.75%
1961-70 .....	4.65%
1971-80 .....	2.55%
1969-75 .....	4.95%
1976-80 .....	3.80%
1976-79 .....	1.10%
1980 .....	11.50%

### Average rates of increases of the agricultural product.

Five-year period	%
1951-55	7.1
1956-60	0.5
1961-65	7.8
1971-75	3.8
1976-80	1.3

have succeeded each other with a predictability that was more characteristic of earlier times. Then, this alternation was attributed to the biennial production 'high' of the olive tree. Although the importance of this phenomenon has

today been reduced, the annual fluctuations in annual production continue. One explanation which has been given is that these fluctuations are connected to the corresponding alternations of the weather conditions. But this is unconvincing when a period as long as six years is under consideration. The level of agricultural production for 1981 is estimated to be (in 1970 constant prices) only 4% higher than that of 1975 – an indication that the annual rate of increase during the period 1976-81 was lower than 1.6%.

In the course of these fluctuations in the agricultural product, 1980 was a year of high efficiency. The gross agricultural product increased by 9.5% at constant prices, compared to a decrease of 5% in 1979. Similarly, there had been an increase of 10.4% in 1978, and a decrease of 7.4% in 1977. This alternation would appear to be continuing, as mid-year estimations of the extent of the cultivated area, and the output for the main products, place 1981 agricultural production at about the same level as 1980.

It is to be remembered that last year, the gross agricultural product showed one of the biggest increases in the whole post-war period, after a five-year period of stagnation (1975-79). In 1981, apart from the stagnation, or at best a very slight increase in the agricultural product, a light improvement is also expected in the make-up of the total agricultural product.

An increase of 2% is expected in livestock production, and a decrease of 1% in vegetable production. Most of the increase in livestock production is expected to come in the white meats (pork and poultry) and the fall in vegetable production will be the result of the re-establishment of normal levels in grove crops, from the very high levels of 1980.

– Cereal production is expected to fall to a level of 200-300 thousand tons less than in 1980. Wheat production will be about 2,750 tons, instead of 2,931 tons in 1980. This reduction is attributed to reduced straw efficiency, because of unfavourable weather conditions that prevailed during the ripening period of the product. Barley production is also expected to decrease. Corn production on the other hand is expected to rise again in 1981, and reach 1,300 thousand tons compared to 1,233 thousand tons in 1980, and 731 thousand tons in 1979.

– According to the estimates of the Cotton Board, cotton cultivation is expected to decrease by about 10%, to 1,303 thousand stremma from 1,435 thousand stremma in 1980. Production in 1981 is expected to be about 330 thousand tons, compared to 356 in 1980.

– The cultivation of tobacco is expected to increase. Exported and industrial oriental tobaccos are expected to reach at least 105 thousand tons (99 thousand in 1980), and burley production is also expected to increase.

– Following the increase in the sugar-beet security prices, it is expected that cultivation of this crop will again reach 450 thousand stremmas, after the great reduction in 1980. The corresponding production is expected to be 2,900 thousand tons, and sugar output 300 thousand tons – enough to meet domestic demand.

– Crops from grove cultivations are expected to remain at last year's levels. However, it is anticipated that olive products will fall, as 1980 production levels were very high.

Estimates for a stagnation in the volume of agricultural products in 1981 are accompanied by estimates of a smaller increase in their prices, compared to 1980. This is based on the fact that the increases that were laid down by the Council of Ministers of the European Communities for the intervention prices, were significantly lower than those laid down at the national level last year.

Livestock producers' prices are also expected to increase at a fairly high rate this year, because of the adjustments required for their harmonisation with the Community prices.

It is expected, therefore, that the average increase for agricultural products will not exceed 17%, compared to 23.6% in 1980.

The combination of the changes in the volume of the agricultural product, and in the prices of the agricultural product during 1981 indicates that the farmer's financial income will increase by only half the amount by which they increased last year, (about 17% compared to 35.6%), and in any case lower than the average consumer price increase, which is expected to be 24% this year. In real terms, therefore, the purchasing power of the agricultural income will show a decrease of about 6%, compared to an increase of about 8.5% in 1980.



# MEAT

In 1981, the total domestic meat production is expected to increase by only 2.1% compared to 4.3% the preceeding year. According to Ministry of Agriculture estimates, total meat production in 1981 will reach 524 thousand tons, from 513 thousand in 1980 and 492 thousand in 1979. This production increase is expected to derive mainly from pork and poultry (an increase of 13 thousand tons), while mutton and goat meat production is expected to remain stagnant at 123 thousand tons, and beef production is expected to decline.

Meat production over the last three years (in thous. tons)			
	1979	1980	1981
beef	99	100	96
mutton and goat meat	119	123	123
pork	135	143	152
poultry	135	145	149
other	4	4	4
<b>TOTAL</b>	<b>492</b>	<b>513</b>	<b>524</b>

## Main agricultural products.

Production 1980, and estimates for 1981. (in thousand tons)

	1980	1981
wheat	2,931	2,750
barley	949	830
corn	1,233	1,300
rice	84	105
pulses	75	80
melons	758	780
potatoes	983	1,000
sugar-beet	1,440	2,900
tobacco	118	125
unginned cotton	356	330
raisins	63	65
sultanas	68	70
olive oil	305	270
lemons	180	190
oranges	528	540
apples	262	270
peaches	399	450
meat(total)	513	525
beef, mutton, and goat meat	223	220
pork, poultry, etc.	292	305
milk(total)	1,700	1,730
eggs	120	122

**Agricultural production, prices and income:  
Percentage changes**

	Volume of production	Prices	Income
1976	- 1.3	24.4	22.7
1977	- 7.4	12.2	3.9
1978	10.4	13.3	25.1
1979	- 5.0	19.8	13.8
1980	11.5	21.6	35.6
1981 (est.)	-	17.0	17.0

## CITRUS FRUIT

**Increased production and exports.**

Production of citrus fruit in 1980 increased by 55% over the 1979 production, (1980: 741 thousand tons, 1979: 479 thousand tons) and as a result, there were greatly increased possibilities for exports. Production and exports for the years 1979/80 and 1980/81 were formed as follows:

	1979/80 Production	Exports	1980/81 Production	Exports
oranges	313.7	131.1	527.6	158.3
lemons	140.2	57.1	180.5	101.4
mandarins	25.0	2.1	33.4	4.4
TOTAL	478.6	190.3	741.5	264.1

(figures in thousand tons)

## COTTON

**Cultivation and production**

The production of unginned cotton increased by 11% in 1980, and rose to 355 thousand tons from 320 thousand tons the previous year. Production of ginned cotton rose also, to 116 thousand tons in 1980 from 106.7 thousand tons in 1979. Higher production in 1980 was the result of increased area of cultivation by 3.5%, or 47 thousand stremmas, as well as the increased stremma efficiency.

## TOBACCO

**Production in 1980**

Tobacco production fell in 1980. The number of producers, the cultivated area, and the stremma efficiency of the oriental type tobaccos all showed a fall in 1980 from the 1979 figures.

Oriental tobacco production fell by 7.5%, a result of both a reduction of the cultivated area, and the stremma efficiency. The number of tobacco producers also fell, by 2.5 thousand, from 103.6 thousand in 1979 to 101.2 thousand in 1980.

However, exports of oriental tobaccos rose in the export period from July to December 1980 (19.7 thousand tons, of a value of 41.3 million dollars), compared to the same export period of 1979 (9.7 thousand tons of a value of 26.8 million dollars). But the prices that were obtained on the international market during this period (average price 2.10 dollars per kilo) were significantly lower than those

of the previous year (2.76 dollars per kilo).

## SUGAR BEET

The production of sugar-beet is expected once again to reach the pre-1980 levels, following its fall in that year, to 1,440 thousand tons.

	Cultivated area (stremmas)	Production (thous. tons)
1977	435	2,445
1978	459	2,800
1979	455	2,800
1980	285	1,440
1981(est)	458	2,700

## RAISINS

### Production, exports and stocks

Despite the increased production of Corinthian Raisins, in 1980, (62.7 thousand tons compared to 56 thousand tons in 1979), exports of this product until the end of March the year were lower than the export of the same period last year. As a result, there are today great stocks of this product.

Of the 1980 production, in the period from September 1980 to March 1981 less than 8 thousand tons were exported, compared to 12.5 thousand tons of the 1979 production during the same export period in 1979/80. This can be explained by the reduced foreign demand for the product, and the relatively high prices.

### Community prices for agricultural products, 1981-1982.

The EC Council of Agriculture Ministers on 2nd April this year concluded an agreement anticipating the increase in the prices of agricultural products which range, according to the product, from 8.5% to 9.3%. An extra increase of 2.8% was decided on for Greece, Denmark and France, one of 3.9% for Ireland, and 0.7% for Holland.

The increases for Greece are considered satisfactory for fruits and vegetables, but not for cereals. The increases for Greece, in comparison to the preceding period, are as follows.

Product	% increase
olive oil	appx 9%
wine	9.2%
fresh fruit and veg.	18%
tobacco:	
oriental	10%
burley	9%
other	4%
lamb	7.5%
sugar	8.5%
rice	appx 10%
cereals	10%-12%

## SHIPPING STATUS, STATISTICS REPORTED

Athens BUSINESS & FINANCE in English No 158, 5 Sep 81 p 29

[Text] For a brief report on Greek shipping, it is enough to let the figures speak for themselves. The figures reveal both the strength and the problems of Greek shipping, and primarily the tremendous and continuous growth of the number of Greek ships, which rose from 486 in 1955 to 1,570 in 1965, 2,319 in 1970, 3,216 in 1975, and 4,425 in 1980. Greek shipping ranks third in the world, and first if Greek-owned ships under a foreign flag are also considered.

Nonetheless, in 1980, for the first time in a 25-year period, the number of ships did not increase, although the total tonnage did. There was an increase of 5.79% in the ships under a Greek flag (1979: 3,951, 1980: 3,942) but there was a decrease of 22.46% in the Greek-owned ships under a foreign flag (1979: 617, 1980: 483), (see Table 1). Purchases of ships by couraging to see that orders placed in shipyards increased by 47.93% over 1979, with 44 tankers, 56 bulk-carriers, and 21 general cargo ships. Most of these orders were placed in Japanese yards, with only 7 in Greek shipyards.

The composition of the Greek fleet has remained almost the same since the beginning of the seventies: 62% freighters, 36% tankers, and 1.5% passenger ships. There has been some improvement concerning the average age of the ships too, but there is still room for more. 65% of the total tonnage is made up of ships of up to 14 years, and 35% are over 15 years (13.4% = 0-4 years, 21.3% = 5-9 years, 30% = 10-14 years). Generally speaking, the average age of the vessels of the Greek merchant fleet, about 12.5 years, compared to the lower average ages of the fleets of the other European

countries, cannot be considered satisfactory. However, it should be noted that the portion of the Greek fleet that is made up of ships of less than five years of age is greater than the total fleet of many European countries.

There is also encouragement to be found in the fact that during 1980, there was a 109.9% decrease in the number of shipping accidents from 1979, and total losses amounted to 228 ships, compared to 278 ships in 1979.

# **Greek shipping in 1980 and 1979.**

	ships	1980 gross tonnage	% change of tonnage	1979 ships	gross tonnage
Ships under the Greek flag	3,942	41,228,593	+ 5.79	3,951	38,841,920
Ships under a foreign flag	483	9,202,263	- 22.46	617	11,269,680
(TOTAL)	4,425	50,430,856	+ 0.63	4,568	50,11,609
Ships under construction	121	4,889,254	+ 47.93	70	2,545,660
Ships launched	28	525,172	- 28.02	30	672,344
Ships purchased	266	4,395,298	- 15.02	297	5,061,688
Ships sold	181	2,103,126	- 19.7	149	2,517,626
Ships broken	154	1,921,814	- 13.8	215	2,187,353
Shipping losses	33	339,850	- 109.9	56	713,533

## **GREEK SEAMEN – SUPPLY AND DEMAND**

Rank	With seamen's book	With passport	Total	Demand	Difference
Master and Chief Officers	9,638	—	9,638	10,758	-1,120
2nd Officer and Cadets	7,182	353	7,535	11,998	-4,463
1st & 2nd Engineers	9,363	—	9,363	10,163	-790
3rd Engineers and Apprentices	12,335	603	12,938	19,934	-6,996
Radio Operators	2,515	122	2,637	4,648	-2,011
Junior Deck Hands	25,910	1,263	27,173	58,282	-31,109
Junior Engine Personnel	16,118	786	16,904	18,775	-1,871
Junior General Services Personnel	20,079	981	21,060	31,444	-10,384
Other	4,838	234	5,072	6,994	1,922
Total	107,978	4,343	112,320	172,986	60,666

CSO: 4600/3



## CONFINDUSTRIA'S GIUSTINO ANALYZES COST OF LABOR

Rome IL FIORINO in Italian 19 Aug 81 p 9

[Article by Enzo Giustino, vice president of CONFINDUSTRIA, analyzing the cost of labor--its structure and its implications--in the context of the current economic situation in Italy]

[Text] This fall's meetings (which are being awaited in economic circles with some apprehension) will first and foremost take up--of all the most pressing items on the agenda--the question of the cost of labor.

It is a fundamental question concerning which every sector of the world of production has expressed an opinion and will adopt a position.

The vice president of CONFINDUSTRIA [General Confederation of Italian Industry] has written concerning this topic (which, we repeat, is one of great timeliness) that the issue of the cost of labor has historically always been presented as revolving around a desire on the part of management to increase profits at the expense of the workers.

In recent years, however (and especially during Guido Carli's tenure as president of CONFINDUSTRIA), this "question" has undergone a profound evolution. It has been recognized that the cost of labor is not a simplistically formulated "item" subject to bargaining between the parties but is instead something much more complex--something the valuation of which demands a more profound analysis of its structure and a more accurate assessment of the outside "influences" that have a strong impact on the final cost of labor per unit of production.

In recent years the cost of labor has become what it has in fact always been: one of the quantities (perhaps the most important) that condition the evolution of the economy, a quantity in which the wage component--the object of negotiation between the parties--is no longer even the most important of the several components.

It is therefore necessary to undertake a more profound analysis of the structure of the cost of labor and a more precise evaluation of the external influences.

#### Structure

It must be pointed out first of all that the proportionate impact of employee remuneration on the gross domestic product [GDP] has increased in the past 15 years from

52 percent to approximately 72 percent of the total impact of all factors on the GDP.

Although the proportionate impact of employee remuneration is therefore substantial, it no longer (contrary to past experience) allows an ample margin for maneuver. Or rather, it allows a margin for maneuver that is proportionate to the increase in its proportionate share of the total impact of all factors but that is operative only within the frame of reference (and specifically upon the structure) of that proportionate share.

Today, the factor of direct remuneration makes up slightly less than 50 percent of the cost of labor in industry; indirect remuneration (vacations and holidays) 17 or 18 percent; social charges 26 percent; deductions for old-age allowances 3 percent; and various other charges 4 percent.

It is a structure that is substantially different from the structure developed in other countries, where direct remuneration represents almost always at least 60 percent of the total; social charges represent 20 percent or slightly more (except in France, where the figure is around 10 percent); and the old-age allowance is virtually unknown.

Then there is the great impact which the contingency allowance (that is to say, the variable factor in employee remuneration, varying in accordance with the mechanism of the cost-of-living index) has on the overall remuneration. In fact, approximately 46 percent of the overall remuneration consists precisely of the cumulative contingency allowance, which functions as the prime mover in the dynamics of wages: suffice it to realize in this connection that the contracts concluded in 1979 assured the workers of increases that averaged approximately 50,000 lire, distributed in two or three installments over the 3-year life of the contracts, whereas the cost-of-living index between the second half of 1979 and the end of 1981 will bring an across-the-board monthly increase of 244,000 lire and thereby help also to further accentuate the phenomenon of "leveling."

In 1981, for example, the forecast is for a sharp increase of 50 points (which by itself will put, at year's end, an additional 120,000 lire per month in gross wages in the pay envelope of each worker and cost management more than 162,000 lire per month per worker).

If one also takes account of the modest progress achieved in respect to productivity, all this should soon result in a new upsurge in the cost of labor per unit of production, which cost in 1980 increased by approximately 14 percent as against increases of 5.5 percent in Germany, 13.5 percent in France and 11 percent in the United States (only in the United Kingdom was the rate of increase--20 percent--greater than ours). In 1981 (still according to the Organization for Economic Cooperation and Development--OECD--from which we have taken these data) we should have an increase in the cost of labor per unit of production of 17 percent in Italy as against 12 percent in France and in Great Britain, 10 percent in the United States and 5 percent in Germany.

#### Foreign Influences

Very frequently, in an examination of the problems of our economy, our attention is--quite properly--focused on the Civil Service. This allusion is customarily

made either to solicit the adoption of economic measures or to indicate disapproval of the measures that are adopted because they are considered to be inadequate and insufficient.

Only infrequently is any reference made--except by the productive elements of society, namely the entrepreneurs and the union--to the dysfunction of the Civil Service as one of the causes of difficulties in the management of enterprises. These problems are frequently the object of complaint because they are a source of distress for the citizenry and lower the quality of life.

Almost never is it pointed out that all this is also reflected in the balance sheets of private enterprise--directly because it involves dysfunctions and therefore higher costs, and indirectly because the tensions provoked by distress outside the factory are discharged within the factory itself and in this way, too, help to increase costs.

The direct consequence of this state of affairs is not (as was customary to make people believe several years ago) less "profit" for a company and therefore for management.

Aside from the ignorance (whether born of good or ill will, it does not matter) inherent in this "explanation," it today appears we have come to realize that all this has a negative impact on competitiveness and, moreover, results in the loss even of some segments of the domestic market, inasmuch as competitiveness is also necessary in a free market to combat importation.

Two points must be borne in mind in this connection: the current situation, and the phenomenon that is being defined as "the challenge of the 1980's."

#### Current Situation

Just a few figures will suffice to illustrate the first point. The year 1980 recorded a 3.9 percent growth of the gross domestic product, with industrial activity making a contribution of 5.6 percent. These positive aspects, however, are counterbalanced by several negative aspects: a deficit of more than 9 percent in the balance of trade, and an inflation rate of 21 percent.

Of all these data the most alarming relate to the balance of trade, which is closely linked to the problem of competitiveness in respect to costs.

#### Challenge of the 1980's

This subject is particularly extensive, complex and difficult, and this is not the occasion to discuss it at length.

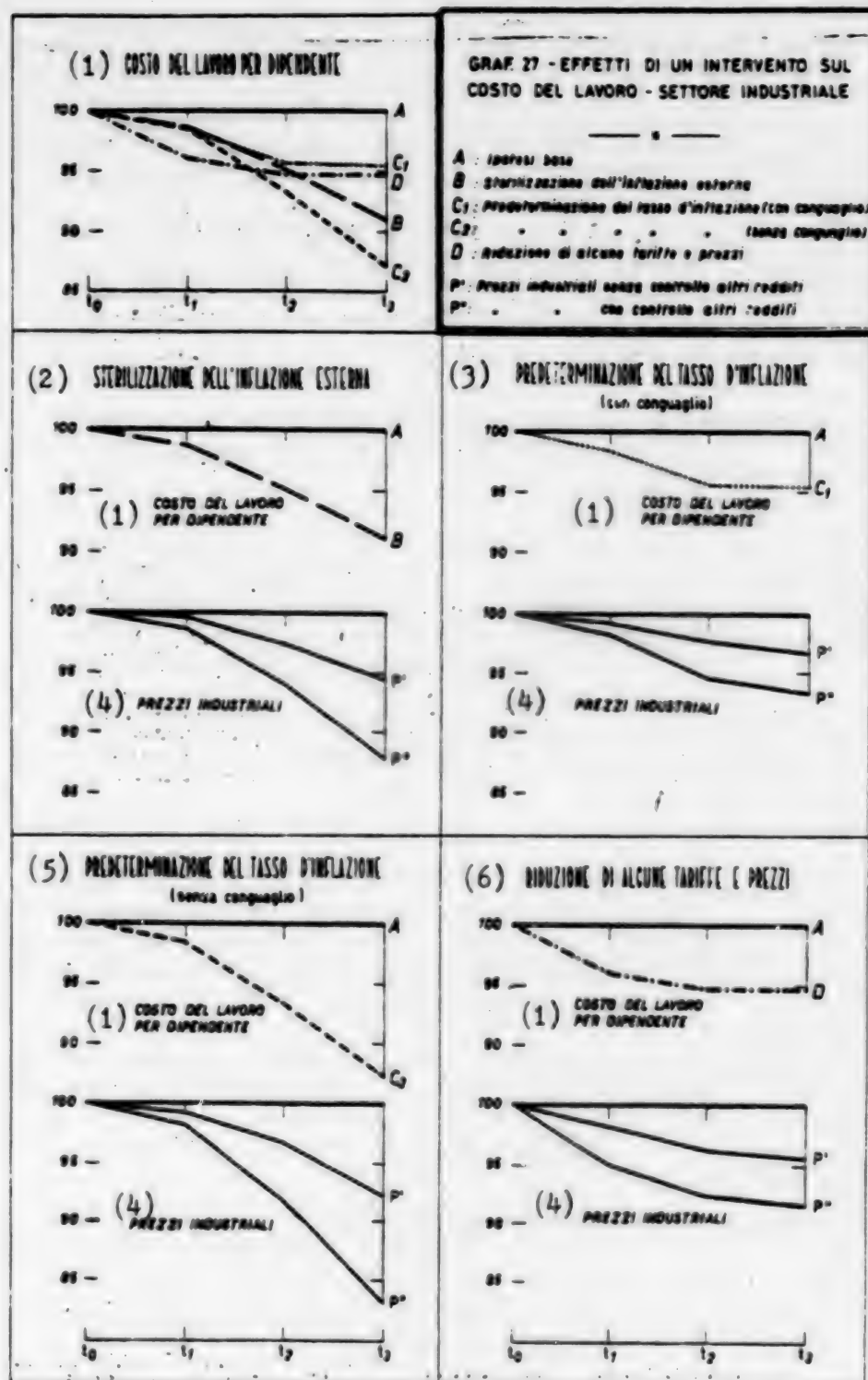
It is worthwhile, however, to point out that this thought-provoking expression, "Challenge of the 1980's," reflects the tremendous revolution--in terms of situations and positions--that has been provoked by the energy crisis and the consequent effort which the industrial countries of the West are lavishing on their search for new economic equilibriums and new production arrangements on the world scene.

In this context Italy will have to choose a strategy of its own, above all because it is a manufacturing nation and is therefore dependent on foreign countries both for its raw materials and for its markets. What is at stake, in fact, is Italy's survival as an industrial nation and the opportunity to seize this occasion to establish the new equilibriums on the domestic scene. Indeed, it is the best opportunity ever offered to deal with the North-South problem in our country with a good probability of success.

In all of this, the problem of the cost of labor appears--quite properly--to be a very small matter, and that is true. It is in fact only one aspect of the reorganization of the overall balance sheet of Italian business and industry. To this situation must also be added--besides the problem of the foreign economies--those problems such as the deficit in public expenditures, the cost of money, and unproductive enterprises.

This is the reason why a broader discussion (leading to a broader agreement) is hoped for--one that is not limited to a particular topic. It is also the reason for the demand for institutionalization of a process that is beginning to mature, namely that there be three interlocutors at the negotiating table--government, union and management--instead of two.

Graph 27. Effects of Intervention on the Cost of Labor: Industrial Sector



[Key on following page]



Key:

- |   |   |
|---|---|
| A. Base hypothesis  | 1. Cost of labor per employee                                 |
| B. Sterilization of external inflation                                    | 2. Sterilization of external inflation                        |
| C <sub>1</sub> Predetermination of rate of inflation (adjusted)           | 3. Predetermination of rate of inflation (adjusted)           |
| C <sub>2</sub> Predetermination of rate of inflation (without adjustment) | 4. Industrial prices  |
| D. Reduction of some tariffs and prices                                   | 5. Predetermination of rate of inflation (without adjustment) |
| P' Industrial prices, without control of other revenues                   | 6. Reduction of some tariffs and prices                       |
| P" Industrial prices, with control of other revenues                      |   |

10992

CSO: 3104/369

## GROUP WITHIN FLEMISH SOCIAL CHRISTIANS DEMANDS REFORM

Brussels LE SOIR in French 26 Aug 61 p 2

[Article by J.v.H.: "Disappointed Militants in the CVP Say They Are Fed Up and Demand More Management and Less Politics"]

[Text] A serious malaise exists within the CVP [Social Christian Party]. Following the warning shots fired last week by Mr Eric Van Rompuy, president of the CVP-Youth, against the budgetary policy of the Mark Eyskens administration, now a new group -- even more influential -- has sent out a message entitled "Society for Christian Democratic Renewal."

The authors of the message (about 12 pages long) intend to "contribute to the discussion which should provide a new momentum to our community, our economy and our party."

Originally, this message was to have been launched on 11 July holiday of the Flemish community. But the strategists of the movement were afraid that their initiative would fizzle out, as the vacation period is not a propitious time for the shock of ideas. Thus, the "message" was to be published only during the first week of September. But there was a leak: a few excerpts from the document have just been headlined in the Christian democratic newspaper HET VOLK.

In order to find out more about it, we met with one of the main authors -- if not the writer of the message -- Mr Herman Van Rompuy (Eric's brother), who currently runs the CEPES (Common Study Center for the PSC [Christian Social Party] and the CVP), and is usually considered the number 2 man in the party.

"We constitute a group," he said, "of disappointed militants, dismayed and stunned by what is going on ..."

Among the other signatories of the document, one finds a few former direct collaborators of Mr Leo Tindemans, the president of the party, and specifically Mr Jean Huyghebaert, the current deputy mayor of the port of Antwerp, and Mr Hugo Vandenberghe, professor at the KUL [Catholic University of Louvain]. One will also note the presence of Mr Luc Van den Brande, who was the author of the famous bill to regionalize aid to the main economic sectors, including the steel industry.

## Blindness of Decision Makers

In the first chapter, entitled "A Fundamental Choice: an Open Community," the authors stated that what our society lacks most "is vital strength and self-confidence; without such a state of mind, any renewal is impossible."

Next, referring to the "economic war" we are acquainted with, they wrote: "Most of the time, our country and particularly those who participate in the power of decision making remain blind, often torn apart by internal contradictions, and removed from the challenges they should be facing." (...) "We are living in an irresponsible society. The crisis is also the crisis of power in all areas of life." (...) "Our people long for a renewal, for a change, far from the political chaos and the socio-economic immobility which we have entered. They ask to be governed again."

The message comes down "openly in favor of an open community, without politization and ideological intolerance (...) An open society gives less power to politics and more power to the people at the economic as well as the cultural, social and educational levels (...) Without greater individual responsibility, nobody feels responsible anymore for his neighbor. Solidarity with the weakest is quickly lost in an irresponsible community."

In terms of the party, the CVP should -- still according to the authors -- be more of a "consensus party."

In the second chapter, "More Work, Less Ideology," a general line is laid out: "More work through a reduction of private consumption and public expenditures on the one hand, and through more investments, knowledge and technology on the other hand."

The third chapter deals with the peace and security to be preserved. The authors come straight out in favor of NATO. "If," specified Mr Herman Van Rompuy, "the Atlantic community asks us to store missiles and the neutron bomb to ensure our defense, we would answer 'yes.'"

## Wilfried Martens' Historic Mistake

In a fourth chapter, "More Management and Less Politics," the problem of state reform is brought up. "This reform," commented the authors of the CVP manifesto, "has in no case contributed to the improvement of the process of decision making. It will turn out to have been an historic mistake in terms of the smooth functioning of the country (editorial note: not very nice to Mr Wilfried Martens, whose brainchild it was), especially during a period of economic crisis, when any complication of administrative procedures and decision making is harmful. Furthermore, the long conflict surrounding the state reform laws, and the laws themselves have intensified community tensions even more. What is more, it prevented a national industrial renewal, which gravely threatens employment. (...) The central government is reduced to a kind of court of arbitration which can only lead to a compromise, in return for a costly budgetary policy of compensations."

Hence, the authors advocate "a drastic increase in the autonomy of both communities, especially at the economic and educational level, as well as in financial responsibility, and a more rational policy in keeping with the Heysel congress. Moreover, the current state reform is unfinished (the fate of the provinces, the Senate and

Brussels as capital among others). In any case, it is important to put an end as soon as possible to the chaotic scattering within and between the regional executives and the parliamentary assemblies. The action of the national government itself must be reviewed. The role of the prime minister must also be reconsidered in the sense of a "chancellor" function." The latter would have the power to appoint ministers himself, Mr Van Rompuy specified in this regard.

Finally, it should be noted that this manifesto is due to what might be called the "Third Estate" of the CVP. As a matter of fact, the signatories belong to that intermediary political class, which is no longer as "explosive" as the CVP-Youth of Eric Van Rompuy, and which does not hold the reins of power. Which does not prevent the authors of the "message" from playing the role of pretenders to the succession of Leo Tindemans. And several among them are seriously considering it.

8463

CSO: 3100/926

## BUDGET QUARREL CREATES GREAT RIFTS IN COALITION

Hamburg DER SPIEGEL in German 7 Sep 81 pp 19-27

/Excerpts/ The internal cohesion of the coalition is gone, the FDP is preparing to move over to the Union. The Liberals will have their next opportunity when, in the winter, new provisions will have to be adopted against unemployment. CDU chief Kohl is already busy allocating ministries to his closest confidants.

Herbert Wehner was even ready to celebrate the armistice.

After 5 hours of wrangling, the exhausted leaders of the coalition ticked off the last items of their program to restore the 1982 federal budget to health on Wednesday night. Just before midnight the SPD fraction chairman encouraged those assembled in the chancellery to remain a while and have a drink.

One attendant was evidently disinclined. While the others waited for their brandies Willy Brandt gathered his documents and took his leave. On his way out the SPD party chief joked /untranslatable pun/ to the effect that he left it to his colleagues to decide whether the result of the session had been a victory, or whether the coalition was ailing.

Both interpretations are appropriate. The FDP was victorious; the coalition is ailing.

True, the experienced negotiators managed once more to paper over the fractures in the alliance, but the internal cohesion is gone.

Also true, SPD Finance Minister Hans Matthoefer could boast with some justification that he had achieved his goal of cutting DM15.5 billion from the 1928 budget and keep new borrowing almost DM8 billion below the level of the preceding year. However, this was done at the price of allowing the Liberals to prevail in decisive issues.

There will be no massive tax increases (not exactly designed to cope with the economic crisis anyway) nor a broad based employment program, as called for by the SPD. Instead the FDP insisted on relief for business. Even more important, the Liberals broke with a basic rule of Social Democratic politics--the decline of social services is under way.



FDP chief Hans-Dietrich Genscher and his Economics Minister Otto Graf Lambsdorff were so successful only because they brought the coalition nearer than ever to the point of no return. Last week they seemed ready to abandon the coalition with the SPD and change over to the CDU/CSU.

Lambsdorff said last Friday: "I am negotiating while keeping in mind the possible ultimate consequences. It is impossible to successfully negotiate by using a pussyfooting approach."

According to some close friends in his party, Genscher also did not exclude the jump to the Union as the ultimate possibility. The FDP chairman is claimed quite deliberately to have driven to the brink only--as is Genscher's wont--to turn the steering wheel at the last moment. Some confidants of CDU chief Kohler let it be known that the FDP's change had been well prepared: The FDP leader is alleged to have offered to leave the Union a free hand in the choice of the new chancellor. In the CDU version Genscher is supposed to have said: "That is their business."

Even though the FDP leader is staying put this time, the Social Democrats fear that "Genscher's loosening-up exercises" (SPD Development Aid Minister Rainer Offergeld) have served their purpose: To get his Liberals gradually used to a change of power in Bonn.

Since last week the social-liberal marriage shows an irreparable crack--but, like many unsettled relationships--may yet last for a few more years.

Still, the end might come a lot sooner--possibly next winter when, as expected, unemployment may soar to more than 1.5 million.

In that case the measures now decided will no longer be good enough. The FDP will then want to pursue that which the coalition has just begun to do: Further undo the social safety net.

Even in such a case the objectionable employment program would have to remain in its present limbo. The FDP claims that it amounts to a planned economy.

Instead the government would have to put a ceiling on unemployment benefits, consonant with the laws of the market economy.

At that time to be finally completed is that shift in trends, which the SPD's coalition partner is claiming. Already FDP general secretary Guenter Verheugen notes with satisfaction: "If someone had told me a while ago that we will get this far, I would have thought he was crazy. No taxes, no investment program, merely improvements in the framework terms--for us all this does indeed represent a shift in trends "

All the greater is the fury and disappointment of the comrades. They are not consoled either when their leaders tell them that the only point at issue is the prevention of a Kohl/Strauss Government. Senior Social Democrats had the direst possible premonitions before the SPD fraction meeting this Tuesday. They feared a revolt.

The anger of deputies is growing, especially of those who count many unemployed among their constituents.

Social expert Eugen Glombig, touring the GDR last week, complained in Magdeburg that social policy "had been executed" in the experts absence from Bonn. Gombig threatened: "They have not heard the last from us."

His fellow traveler Egon Lutz noted: "My pain threshold has been reached." Also from the East SPD Bundestag deputy Horst Jaunich called for a "joint fraction meeting of SPD and FDP. That is the only way to settle the issue."

Back in Bonn Young Socialist chief Willi Piecyk grumbled: "Insofar as employees and young people are concerned, this coalition has lost its marbles."

SPD member Norbert Gansel had a similar comment on the concept of budget cutting: "Totally inadequate." The FDP would have to display a greater sense of responsibility. Gansel: "If that does not work anymore, and if Herr Genscher is not prepared to make some concessions in matters foreign and defense policy, the coalition is indeed at risk."

The left Social Democrat asked his colleagues to show some backbone: "If we do not wish to become superfluous as a fraction, we will simply have to change some items in this legislative package in the course of our future work."

Certainly the Social Democrats once again made it easy for their small partner to gain the upper hand. Their good intentions this time not to allow the FDP to blackmail them (as they did in the coalition negotiations late last year) vanished the longer the discussions went on. The united body of Liberals confronted a quarreling SPD, and no clear concept emerged.

In the meantime Genscher let it be understood that he assumed the coalition will last until 1984. Anything else was "baloney." Verheugen now also makes out as if nothing had happened. He claims that "the coalition was never seriously at risk."

In fact Genscher's intentions were nebulous until the very end. Some people in Bonn believe that he was definitely considering a change of camp. As often before he had lost the instinct for the mood of his Liberals. Others maintain that Genscher had always shied off a break, and that the entire uproar was due only to a loss of nerve by the SPD.

The most plausible interpretation is this: The FDP chief merely meant to demonstrate that he and his party could go either way. He had simply prepared case "X" to get his party and the public used to the fact that the coalition was not meant to last for all eternity.

Genscher thus scored twice: He got a lot of concessions from the SPD. At the same time he demonstrated for former CDU followers who had voted for the FDP in 1980, that the Liberals have not forgotten them--next year Land assembly elections will be held in Hamburg, Lower Saxony, Bavaria and Hessen.

From this aspect Verheugen's statement deally makes sense: "We wish for a shift in trends, but within the coalition." The question remains whether the Free Democrats attempt will continue to be successful--to conduct a CDU policy with the SPD.

Late last week senior Social Democrats made a strong effort to disperse the impression that Genscher had initiated a shift in economic and social policy. SPD fraction chief Wehner wrote that comrades should not sneeze too much as a result of the "sneezing powder liberally sprinkled about." The great shift had not occurred, "nor will it occur while we are around."

Wehner managed to find evidence that unemployment compensation and continued wage payments had not been touched. The SPD had rejected outright the FDP's "quite perverse suggestion" to make up for the rising costs of increasing unemployment by cutting payments to the jobless. At the same time the SPD was reserving its right "to come back to an extensive employment program in the case of a further rise in unemployment."

Still, that which Wehner wants to represent to the comrades as forceful action could well result in the final break-up of the coalition next, should unemployment rise to 1.5 million.\*

That would be the latest point for the SPD to make good on its promise to impose its employment program despite the FDP. Unfortunately nobody knows how it would be paid for.

No sooner had the Cabinet made up its mind last week when the SPD fraction's finance experts caucused. Their inventory turned out to be somber.

Matthoefer is weighed down with interest payments running into the billions for loans incurred at the present high interest rates. The Finance Minister confidently calculated that the dollar would definitely go down. If it does not, Defense Minister Apel (who needs to pay out large dollar amounts) will again not be able to manage with his appropriation.

Rising unemployment, possibly declining tax revenues, crises in the steel industry and foreign obligations may easily result in another billion deficit. FDP Bundestag deputy Juergen Moellemann sums it up in these words: "The calculation is simply wrong all round."

The minutes of the coalition negotiations had not yet been recorded when leading Social Democrats began to contemplate how they could circumvent the trap they themselves had set. The way out was indicated by the president of the Bundesbank.

At last Thursday's Cabinet meeting, Poehl outlined an optimistic sketch of future economic development.

As the German balance of payments had improved in recent months, it might be possible to contemplate lower interest rates--especially if it should turn out that U.S. President Ronald Reagan could not keep going his economic crash program. According to Poehl's analysis the dollar would then weaken, the mark gain strength, the oil account be reduced and the cost of money lowered.

While Poehl admitted that none of this could prevent the collapse of employment next winter nor high unemployment all next year, he thought (to quote an SPD Cabinet member), "if our people get impatient next winter," if trade unionists and SPD fraction were to call for the fulfillment of Wehner's promise, the government would be able to console them by indicating the better times to come.

Therefore, should it be possible again to cool the tempers of comrades and labor unionists, the employment program would once again bite the dust--exactly as the FDP wishes.

Already renewed is the dispute about the cut in social services, due to the financial distress of the Federal Institution for Labor. Already SPD budget expert Walther is haunted by forebodings whenever he listens to Lambsdorff: "Reagan was here."

Even should the coalition survive the winter of discontent, Genscher will have another opportunity to desert it next spring.

It is by no means certain that the SPD delegates to the March 1982 party congress will drop their criticism of the NATO modernization decision, whether or not by that time the superpowers are negotiating about arms control. If Schmidt is no longer backed by his party, this would be good and sufficient reason for Genscher to abandon the coalition.

Already last week opposition chief Helmut Kohl handed out government offices to his intimates. He does not doubt that he will be chancellor once the coalition breaks down. He intends to dispatch to the Ministry of Finance his most serious rival, Stoltenberg who is respected for his expertise by Schmidt and Lambsdorff also.

The Union Christians who kept silent for months, claiming that it was none of their business to develop alternatives to government policies, will this week publish a fiscal and sociopolitical counterprogram after all--"it reads almost like an offer of a coalition with us" (a Free Democrat).

Kohl fires up his people: "In half a year, at the latest, it will be our turn."

11698

CSO: 3103/432

## 'EXCESSIVE ARMAMENT' OF UNITED STATES VIEWED CRITICALLY

[Editorial Report] Paris LE MONDE in French 23 and 24 September 1981 carry on page 5 a 3,000-word, two-part Michel Tatu article entitled "The Excessive Armament of the United States." In part I Tatu describes the many problems posed by the deployment of the new U.S. MX missile, outlining the various options proposed and adding that "according to the latest indications from American sources, the solution which will finally be chosen will combine several of the alternatives envisaged."

In part II Tatu describes the other aspects of the new U.S. administration's arms program. He explains the new "two war" doctrine, which stems from the possibility of having to fight a war in Europe and in the Gulf, and says that this doctrine "no longer requires equality but superiority in some spheres, such as the navy." Tatu goes on to say that "to justify these programs a new effort is being made to draw attention to what is happening in the other camp" and he cites the recent American Defence Intelligence Agency report on Soviet armaments, soon to be backed up by another study on "Soviet defense potential." Tatu then turns to the Soviets' reaction to this U.S. policy, pointing out that "it is almost out of the question that they will do nothing since the military card is the only one they have left. After their economic and ideological failures it is difficult to see how they could abandon this last form of power, which has already given them considerable satisfaction. However, it is doubtful that they could increase their effort substantially since it is already at the limit of what the Soviet economy can bear in peace time..." Tatu concludes that Moscow "could exploit the anxieties and reservations which Mr Reagan's attitude is bound to prompt among his allies and perhaps even inside the United States one day." Tatu points out that there are two dangers in the U.S. attitude: "One, already observed by the French Government, consists in reducing all problems to their military and strategic dimension, disregarding local factors in conflicts, especially development problems. The other might be overconfidence leading to aggressive gestures toward the USSR or its allies." Tatu concludes that "if stabilization comes about it will do so at an even higher level than we know today." No further processing planned.

CSO: 3100/999



'ABC': THERE IS NO OPTION BUT TO JOIN NATO

Madrid ABC in Spanish 21 Aug 81 p 3

[Article by Manuel Monzon: "The Non-Existent Option"]

[Text] In the eyes of some people, the question of Spain's joining the Atlantic Alliance should be put before the public as one alternative between two possible options: joining NATO, or neutralism. In practical reality that supposed power to choose does not exist. The use of demagoguery has hindered the development of the realistic approach which is unavoidable for the orientation of our people. Spain has clearly been taking a part in the defense forces of the West for more than 30 years, through the agreements it signed with the United States of America. This means, expressing it crudely, that we have been "tolerated," our contribution to the Western defense system has been "tolerated"; we have come in by the "back door." It is paradoxical that those who accept that shameful situation as a fact--the presence and the contribution of Spain to the defense of the free world through the pacts with the United States--are fiercely opposed to our joining that defensive system through the "front door," which is what our country joining the Atlantic Alliance would mean.

This topic is clearly being manipulated in favor of the interests of the Soviet Union, the one who really is opposed to our joining NATO. And curiously enough, that manipulation is being carried out in a simplistic and supposedly patriotic way, which is more like jingoism. They say that it means the loss of our national independence, because our ability to determine our own destiny, and from whom and what we should defend ourselves would be conditioned by the interests of the 15 other countries. The truth is that this type of argument is ludicrous. Are we perhaps going to claim that the quality of our country's independence and sovereignty--always taking into account the advanced level of interdependence existing among the nations of the same geographic and geopolitical area--is higher than that of a Germany, a France or a United Kingdom of Great Britain? Can it be maintained with any degree of seriousness that so-called Third Worldism, which is naturally subject to permanent pressure from the two blocs (NATO and the Warsaw Pact), by being utopically neutralist guarantees greater political independence?

Other very clear fallacies arise from the supposed increase of nuclear risk for our territory. In the first place, it should be stated that the nuclearization or denuclearization of Spain's geography is a matter for negotiation, which eventually may be approved or not; but all signs indicate that Spain will not be converted

into that imagined dump of nuclear missiles that we are being threatened with, for the simple reason that that type of weapons are meant for launching at enemy objectives, and the so-called "Euromissiles" would not have sufficient range to hit those objectives from our territory. But also, and secondly, the risk of nuclear attack on Spain, assuming a generalized conflict between the two blocs, does not arise from the weapons which we might or might not have here, but from the fact that an area of such vital strategic importance as Spain would necessarily have to be excluded from military use by the Western side, and the only known way to achieve this is to "flatten" it.

Even if we were to be neutral--theoretically neutral, because the concept of neutrality does not depend only on what we would like, but on whether others are prepared to respect it--the utilization of our territory with all its kinds of infrastructure (ports, airports, roads, etc.) would be unavoidable and vital to the Western side. That necessity would be countered by the Eastern side destroying or trying to destroy that infrastructure. And that, gentlemen, is done with nuclear missiles, because there is no other way to attack us at the distance we are from the countries which make up the Warsaw Pact. The neutrality claimed by Spain would not be respected, then, by either of the two sides, and we run the risk of nuclear aggression by the mere fact of being where we are, on the most important strategic crossroads of the planet.

Also, it is rather difficult to believe that the motives of those who are opposed to Spain's joining NATO are totally pure. I say it is difficult because it is clear to everyone in Spain that the USSR is the one opposing this proposal with complete brazenness. Thus, can it be believed that those who resist Spain's joining the Atlantic Alliance are taking a free and independently arrived at position, or are they in some way giving in to Soviet attitudes and pressures? Is that intolerable Soviet pressure and interference in our destiny not perhaps a much clearer reduction of Spanish independence? The USSR knows very well that the presence of Spain in NATO would bolster the Western military system considerably, not so much because of the significance and relative importance of our Armed Forces as because of the flexibility and reaction potential which this presence would give that system. And Moscow is exerting every effort to prevent it. Are those who are opposed to dependence on the Western bloc trying to convince anyone that their oppositionist stance does not clearly play into the hands of the interests of the USSR?

It is also hardly worthwhile lingering over the supposedly aggressive character of NATO. The Atlantic Alliance has never carried out any aggressive action, while we all remember the contemptible way that the Warsaw Pact smashed the Hungarian and Czechoslovak movements. It is at the very least unfair to compare this brutal kind of behavior with the attitude of the Alliance towards including Salazarist Portugal or the Greece of the colonels among its members. Apart from that, that same argument is strongly offset by the evidence that NATO never wanted to allow the previous Spanish regime to join the Alliance, although the presence of Spain would be at least as important as that of Greece and Portugal combined. Moreover, it is essential to take into account that military strategy, with its obligation to guarantee a minimum of security in the attainment of its objectives, cannot be conditioned "ad integrum" by ideological and political considerations. If Spain had

not been a de facto member of the Western defense system through the agreements with the United States, it is likely that NATO would have felt obliged to close its eyes to the antidemocratic character of the previous Spanish regime and to accept Spain's admission. And let us not forget that military forces are established for the purpose of winning.

Another lightweight argument is the one that our joining would have negative repercussions on the transformation of our Armed Forces. Those who allege this say that our armed services are in the process of overhauling their legal objectives, so as to make themselves guarantors of the Constitution and the structures and institutions of the new Spanish political order. First, it must be said that this transformation is not essential, because the armed forces are already perfectly aware of their constitutional duties. But the fact is, even if that supposed process of conversion were necessary, it would be much simpler with the proximity, the companionship and the interaction with other services who for many years have been accustomed to respect and guarantee democratic political structures. Or does some suspicion exist that our military men would undergo anti-democratic contamination because of interaction with those from the European democratic powers? It would be laughable if that were true.

It is also essential to remember that it is not just a question of comparative analysis of the advantages and disadvantages that belonging to the Atlantic Alliance could have for Spain. What is probably more important are the advantages which now are still unseen or unpredicted after our gloomy centuries-long isolation. Just as a solitary person who is wrapped up in his own problems, without any other horizon, changes and develops favorably on joining a family, our isolationist peculiarities, half pride and half inferiority complex, could be happily destroyed once we joined the context of the European and Atlantic family. Whether we want to or not is our decision. The truth is that we never thought any other way. We were always convinced that we were not in NATO because our peculiar former political regime did not allow us to be. The subsequent Soviet pressures on our birth as a democracy did the rest.

The model of a free and democratic society, which the vast majority of us Spaniards both of the left and of the right claim we want to follow in shaping our future, unites our destiny to those people who one day in 1949 decided to freely reaffirm their faith in their common desire to live in peace with all countries. They resolved to safeguard the liberty of their peoples, their common heritage and their civilization, founded on the principles of democracy, individual liberties and the rule of law and justice; and, therefore, they decided to combine their forces for common defense and the preservation of peace and security. Thus it is that the Atlantic Alliance is first of all ideological and political, and only secondarily military.

8131

CSO: 3110/146

## 'DIARIO 16' FAVORS NATO ENTRY

Madrid DIARIO 16 in Spanish 26 Aug 81 p 2

[Article by Alejandro Munoz Alonso: "An Unavoidable Debate"]

[Text] The decision of the government to speed up the process of Spain's joining NATO has been the starting signal for the most important confrontation regarding a matter of foreign policy which has arisen in our country for at least the last 50 years. The struggle between supporters and opponents of NATO shows signs of turning into an historic battleground of public opinion of the type that, during the European war, divided the country among supporters of the Allies and of the Germans.

First, our inability to come to an agreement on the broad outlines of our foreign policy is regrettable. In countries with consolidated democratic governments, what usually happens is that both government and opposition share some of the same international positions, even when they are deeply separated on domestic policy matters.

The "bipartisan policy" has been a tradition in the United States, where Democrats and Republicans have almost always shared some diplomatic objectives, only differing in their style of approaching them. Between the failure of Carter to free the hostages in Teheran and the aggressiveness of Reagan downing Libyan planes there are less differences than similarities, if you think it over a little.

## No Change

In France, the coming to power of the socialists has not involved any important change in foreign policy. We know that very well. It has already been said that Mitterrand will use De Gaulle as a diplomatic model. Even the foreign policy of the communists has been rightly characterized as "gaullist."

Here matters have turned out differently, because we already know that even in the government party itself they are very far from having achieved agreement on the question. It has not been possible to include the subject of NATO on the list of the "problems of state," which, like the questions of the autonomies or of terrorism, require a broad consensus rising above narrow party interests. The subject of the Common Market, however, is included, which is always inconsistent if it is fully analyzed.



Those who favor joining NATO--and I count myself firmly among them--thought that their arguments, overwhelmingly logical in their opinion, would finally prevail in themselves, since they were evident truths. This has not happened, and it seems that not only the parties of the left, but certain sectors of the UCD [Democratic Center Union] and, as the polls show, broad areas of public opinion, do not share the arguments in favor of NATO.

#### Not on Tiptoes

At this stage, and in these circumstances, it is not appropriate to tiptoe into NATO without raising our voices. However convinced we may be of the advisability of our joining, it is impossible to rush a subject of this magnitude through without a broad public debate. Any other way of acting would be unworthy of the democracy which we hope to build. This does not mean, for reasons which will be explained later, that a referendum is necessary. But beyond any doubt, it is essential for NATO and anti-NATO proponents next autumn to sharpen up the arguments supporting their respective positions.

Perhaps it would be too much to ask that both sides give up the demagoguery that is so easy and profitable to use on these subjects. And we know that party positions usually are excessively rigid, and that for "supports and not amendments" all kinds of means are resorted to. Thus, it would be useful for speakers who are independent of party discipline to take part, to explain to everyone where the authentic interests of Spain lie.

For the public debate on NATO to be truly useful and in the national interest, it would be desirable for various requirements to be drawn up and certain conditions adhered to.

In the first place, it is essential to clearly separate wishes from reality. A certain utopian component in any policy is healthy, but never to the extreme that realism, which is also necessary, is drowned in a fantastic ocean of dreams. Everyone knows that the great goal of humanity is Peace, with a capital "P." But peace is not the same as surrender.

The present world situation makes NATO necessary today, "unfortunately," as Cheysson just declared. The French foreign minister, who "is not a Spanish socialist," as he himself has specified, understands that there are things to defend, "a certain type of civilization," which prevent us from discarding NATO. An attitude very different from some "Angelisms."

In the second place, too, no one can fail to feel attracted by a hypothetical neutrality, in which, if others come to involve themselves in warfare, we would remain on the sidelines of the conflict. But at present this kind of neutrality is a delusion. We are already Westerners and Europeans; events prove it every day. Nobody can take the possible neutrality of Spain seriously, except perhaps at the time of future negotiations. That is part of the contemporary history of international relations.



## Tough--and Mature

Can anyone seriously think that in the case of the terrible hypothesis of a war between the two blocs either one of them would respect our announced neutrality? Our geopolitical situation has changed with the development of modern combat techniques; and it would no longer be possible to repeat our position during the two world wars. The fate of Spain would be much more like that of neutral Belgium, twice invaded by Germany without anyone coming to its defense. Because of this, our joining NATO would mean that if we are already tough, we are also mature.

In the third place, the subject of the American bases should be included in the scope of the debate. In this regard, how can a kind of neutrality expressed by not joining NATO be reconciled with the continuation of American bases on our soil? It would be a good idea for the PSOE [Spanish Socialist Party] to explain to us this way of squaring the circle, because up until now their "Bases, yes; NATO, no," sounds dangerously schizophrenic.

The present "status" of the bases, a direct inheritance from the Franco era, is a reminder of one of the most humiliating situations experienced by Spain in present times. You have the book of Angel Vinas to prove it. And nothing has changed in that relationship, in spite of the upgrading of the agreements from the shameful category of an "executive agreement" signed only by the President of the United States to a treaty submitted for ratification by the Senate.

A very few days ago LE MONDE made reference to our "unequal fight with Washington in the military field." Why do we persist in a relationship of subordinates when we could be part of a group of equals?

8131

C30: 3110/146

## PAPER BACKS ARMY HEAD'S DEFENSE PROGRAM PROPOSALS

Stockholm, SVENSKA DAGBLADET in Swedish 3 Aug 81 p 2

[Text] "In that way, the Army can be an up-to-date and effective instrument for the country's peace-preserving security policy, even in the future."

That statement was made in the plan for the Army's program which was delivered on Wednesday to the Supreme Commander of the Armed Forces by the commander of the Swedish Army, Lt Gen Nils Skold. The plan covers the Army's program for the next 5 years. Since the 1982 Riksdag is to adopt a new defense policy resolution, the Army's program plan joins the government's Alternative B--the interim authorization of expenditures amounting to a bit more than 6 billion kronor where the army is concerned.

The excerpt quoted above constitutes a good summary of the program plan. Its purpose is not new or revolutionary. What is interesting is the fact that the function of our armed forces as an instrument for preserving peace is emphasized so forcefully. Within the plan itself, there is no ideological clashing to be perceived between efforts at preserving peace and a defense program which satisfies the demands placed upon it by the people through the Riksdag.

First of all, our defense program must make potential attackers realize that such an attack would entail the making of such great sacrifices, and achieving the goals being sought would take such a long time, that they would desist from attacking. If that does not happen, an attacker must encounter resistance early wherever an attack is made. It is a matter of breaking up an aggressor's attacking power by hitting him at the border or on the coast. If that is not possible, he should be forced to engage in long, laborious and precarious operations. It should never be possible to achieve strategic objectives quickly.

The natural question, then, is whether our resources are equal to the task of enabling us to achieve the goals we have set for ourselves.

As a consequence of the sharply rising cost of peacetime defense organization, it has not been possible to carry out the provisions of the 1977 defense resolution in their entirety. The commander of the army, himself, points out in his program plan that we have reached the lower limit where the amount of time devoted to training is concerned. Instead, training time should be extended, but that is not being considered at present because of the economic situation. How, then, shall the commander of the army get his equation to work out?

In the first place, one must concentrate on wartime organization and its quality. Expressed rather drastically, one should be able to say that defense must not be permitted to perform out-and-out AMS [National Labor Market Board] functions--that is, carry out job-creating missions, which is a great temptation for Riksdag members who see home-district units being discontinued.

The program also is a result of the implementation of the Supreme Commander's suggestion that the peacetime organization be reduced. It is also necessary to obtain compensation for price changes.

Recent technical developments obviously make it possible for the military to obtain new and effective ground-based weapons systems at relatively reasonable expense.

Therefore the commander of the army thinks that there is a good chance the the objective which will be set up in the Riksdag's defense resolution next year will be achieved. Not unexpectedly, the main reason for the Army commander's optimism is the existence of compulsory military service in Sweden--men are the army's most important resource, he says. Having compulsory military service is advantageous because--in addition to the psychological desirability of having every suitable individual contributing to the defense effort--a large enough number of units can be organized and all of the population's training, occupational proficiency and leadership ability are taken advantage of. The army commander also thinks that, where training is concerned, personal efforts partially compensate for the short periods of time devoted to training.

Nevertheless, as is well known, the compulsory military service system is being made the subject of debate--modification of the system is frequently what is being discussed. It is obvious that the idea of compulsory military service is deeply rooted in the minds of the population. There probably is a considerable political majority which favors retaining compulsory military service in its present dimensions. However, that should not interfere with a continuing debate or such modifications as seem natural but do not disturb the groundwork of the system.

Perhaps it seems more natural for the army commander to perceive advantages in the compulsory military service system than it is for the commanders of the other armed services. It makes it possible for him, at present, to mobilize 600,000 men, not including the Home Guard.

Looking at Swedish defense as a whole, it is obvious that the navy's and air force's programs must be woven in. Together, our defense forces should--making use of the program plan's own words--become a stabilizing factor in our part of the world, having a powerful effect as a deterrent to war while at the same time not constituting a threat to anyone.

9266  
CSO: 3109/246

GENERAL

SWEDEN

BRIEFS

LIBYANS DENIED MILITARY COURSES--The passport police at Arlanda say that the approximately 30 Libyan students who have been studying at Telub in Vaxjo returned to Sweden at 2100 hours on Tuesday to continue their studies. Their return was made possible when it was arranged that purely military portions of the training contemplated for them should be eliminated, and consequently the state-owned Telub can fulfill its contract with Libya. [Text] [Stockholm DAGENS NYHETER in Swedish 19 Aug 81 p 38] 9266

CSO: 3109/246

END

**END OF**

**FICHE**

**DATE FILMED**

6 OCT 1981